2004 Annual Report

Pictou County Health Authority
835 East River Road
New Glasgow, Nova Scotia
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Finance and Audit Committee

The Finance and Audit Committee membership is from three to six members of the Pictou County Health Authority with Board chair, CEO and VP Operations as ex-officio members. The committee meets at least quarterly and as often as necessary to carry out its mandate.

The Finance Committee advises and makes recommendations to the Board on a wide variety of issues including but not limited to:

1) annual business plan for operating, capital, revenue, and expenditures,
2) receives and reviews internal financial reports, audited financial statements, annual reports,
3) manages all Pictou County Health Authority funds in accordance with relevant legislation, policies and procedures established by the Board,
4) recommends to the Board on appointment of external auditor,
5) reviews with external auditor their findings concerning the financial controls of the Pictou County Health Authority involving its division and departments.

The Finance Committee reviewed and recommended approval to the Board, the 2004-2005 Business Plan including:

1) **Operating Budget 04/05**

Revenue

DOH Funding	$41,377,611	
Primary Health and Physician Fees	3,357,507	
Uninsured Revenues	3,381,200	
Total Revenue		$48,116,318

Expenditures

Patient Care	$23,255,336	
Community Health	6,111,295	
Operations and Support	16,126,658	
Physician Services	2,623,029	
Total Expenditures		$48,116,318
Surplus Deficit		Ø

2) Capital Equipment Requests 04/05 $5,765,662*

3) Infrastructure Repair Project Requests 04/05 $630,000*

* Subject to funding prior to purchase or project commencement

Reviewed and Approved Deficit Reduction Strategy During 2003 - 2004

As part of its mandate, the Finance Committee reviewed and monitored on a monthly basis, internal operating results during the year 2003-2004.

The committee recommended approval to the Board a deficit reduction strategy in September 2003 in keeping with the spirit of the Health Authorities Act and the objectives of the PCHA Board to operate on a breakeven basis.

Value for Money Assessment

Pictou County Health Authority was one of two district health authorities in the province selected to participate in a Value for Money Assessment to be undertaken by V. MacDonald and Associates Ltd. and the accounting firm KPMG.

The purpose of the assessment was to ensure that organizations are operating as effectively and efficiently as possible within the resources provided.

The Finance Committee and the Board viewed this as an opportunity to demonstrate the efficiency and effectiveness of the services being delivered within Pictou County Health Authority and welcomed the comparisons with peer organizations.

Overall results indicate Pictou County Health Authority compared favourably to its peer group of district health authorities within the province of Nova Scotia.

Financial Results 2003-2004

The Finance Committee reviewed and recommended acceptance to the Board, the audited financial statements for the year ended March 31, 2004. The financial statements indicate an operating surplus of $3,780 with revenues of $49,283,797.

On behalf of the Finance Committee and Board, I sincerely want to thank Pictou County Health Authority leadership, staff, and physicians for their efforts and hard work in achieving these results.

Respectfully submitted,

Norman Lord

Treasurer

Quality Management Committee

The membership of this committee is made up of six members of the Board as well as the director of quality management. The vice president of patient care services participates in an advisory capacity.

The Quality Management Committee met monthly during the 2003-2004 year. The focus of the committee's work is the monthly analysis of performance in the four dimensions of quality as identified by the Canadian Council of Health Services Accreditation.

Report card of performance in the four dimensions of quality is:
1) Responsiveness (to client/community needs)
2) System competency (provision of evidence-based, cost effective service)
3) Client/community focus (community partnerships and involvement)
4) Work life (work atmosphere to support excellence in practice)

The committee also supported the following improvement initiatives and reviews:

- The development and implementation of a confidentiality awareness campaign for staff, physicians, volunteers and students
- Internal risk review conducted by Marsh McLellan and The Canadian Adverse Events Study: The Incidence of Adverse Events in Hospitalized Patients in Canada (the Baker-Norton report which deals with patient safety)
- Operational review of the supply, processing and distribution (SPD) department
- Employee wellness survey
- Reproductive Care Program review of mat/child service

The committee reviews the outcomes and accomplishments achieved by the newly formed Patient Safety Advisory Committee.

The committee is also involved in preparation for accreditation scheduled for February 2005. The committee has partnered with senior leadership in the self assessment process as it relates to standards established for leadership and partnership.

The future drive will be to support existing quality management mandates and look to supporting Public Health Services and Addiction Services within the Pictou County Health Authority.

Respectfully submitted,

Linda Muir

Chair

Privileges Review Committee

The membership of this committee is made up of three Board members as well as the chief of staff.

The Health Authorities Act of the province of Nova Scotia has delegated to the district health authorities the responsibility of ensuring that physicians who practice in institutions under the auspices of this health authority have the appropriate qualifications to engage in the practice of medicine/dentistry.

Physicians and/or dentists applying for privileges in the Pictou County Health Authority must have their credentials reviewed by a committee of the medical staff known as the Credentials Committee. If they are found in order at this time they are subsequently forwarded to the Medical Advisory Committee. If the recommendations of the Credentials Committee are found favourable at the Medical Advisory Committee they are then brought to the Privileges Review Committee of the Board prior to a Board meeting. If the Privileges Review Committee is satisfied that the recommendations of the Medical Advisory Committee are appropriate they will recommend upon motion to the Board that the physicians/dentists in question be granted privileges in the district health authority.

Following is a breakdown of the reviewed and recommended appointments and re-appointments for the period September 1, 2003 to August 31, 2004.

Number of new medical staff appointments:

Medical locum	8
Associate/consulting/courtesy	12

Number of re-appointments:

Medical locum	15
Active/associate/consulting/courtesy	87

Respectfully submitted,

William Palmer

Chair

Community Health Board / District Health Authority Liaison Committee

The membership of this committee is made up of two Pictou County Health Authority Board members, the chair of each community health board, the vice president of community health, the primary health care manager and the public health educator responsible for community health board support.

Highlights of the committee's activities are:

- Development of by-laws and working group terms of reference for both the Pictou West and the Central & East community health boards
- Support for annual provincial community health board conference
- Development and implementation of membership recruitment strategies for both the Pictou West and Central & East Pictou CHBs
- PCHA nomination process for the 2/3 appointment of the PCHA membership through the submission of recommended names by the two CHBs to the Minister of Health
- Support from the PCHA in addressing the top priority health issues cited in the community health plans
- Discussion and development of training opportunities in the form of conferences, workshops and local skill building events

Respectfully submitted,

Ed Bowden

Chair

Clinical Ethics Committee

The Clinical Ethics Committee has met on several occasions over the past year with emphasis mainly on education in ethics for its members. A day-long program on ethics was presented by Dr. Jeff Kirby and Dr. Christy Simpson from the Bio Ethics Department at Dalhousie University for the committee and other interested staff. We also extended invitations to our neighbouring health authorities with representatives attending the very informative sessions.

Research ethics and evaluation of research proposals consumed the majority of the committee's time. There have been several proposals presented throughout the year, and recommendations have been made to the Board in each case. There is hope that a Provincial Research Ethics Board will be established before long, which will act on the districts' behalf to evaluate these proposals rather than have each individual district evaluate them separately. A Clinical Ethics Committee, of course, needs to operate in each health authority and will continue to do so.

With accreditation coming within the next year, the Clinical Ethics Committee has been asked to review some policies and provide input as to whether or not they comply with ethical standards. Ethical issues will continue to present themselves, and as awareness of the Clinical Ethics Committee grows, so will the requests for ethical perspectives.

I thank the committee members and the Pictou County Health Authority for their support of the committee as it becomes a necessary presence in the system.

A new chairperson will soon be sought, and I will be continuing as a committee member but vacating the chair position.

Respectfully submitted,

Dr. Gerry Farrell

Chair

Joint Conference Committee

The Joint Conference Committee is a vehicle for dialogue between the medical staff and the Board and derives its mandate from the corporate bylaws of the Pictou County Health Authority.

The committee's membership consists of the executive of the board, the executive of the medical staff and the executive of senior administration.

The Joint Conference Committee met twice during the past year. Discussions at the committee centered on the following topics:

- Physician recruitment in the areas of psychiatry, anesthesia, obstetrics/gynecology, urology and family practice
- Mental health services as it related to a shortage of psychiatrists and the ability of the mental health in-patient unit to maintain its status as a designated unit
- Sustainability of urology services
- Walk-in clinics
- Family practice on-call services

Respectfully submitted,

Murray Hill

Chair

Report from the Chair

I would like to thank the employees, physicians, volunteers and Board members for the collective effort that has led to the accomplishments highlighted in this report. I also want to publicly recognize the contribution made by Craig Clarke and Bob Priske as their terms on the health authority come to an end. And, in particular, to thank past chair Harry Inder for his leadership at the Board level over the past three years.

I want to use this opportunity to highlight the continuing support of the many organizations that play such a significant role in the delivery of health care in Pictou County: the Aberdeen Hospital Foundation & Trust, the Sutherland Harris Memorial Hospital Foundation, the Aberdeen Hospital Auxiliary, the Stellarton Ladies Auxiliary, the Aberdeen Palliative Care Society, and the many other volunteers who continue to make such a significant contribution. As well, I want to single out our community health board members for their continuing diligence and significant effort working within our communities. Thank you all.

The Board has begun a review of our strategic plan to insure it continues to meet our needs. The exercise is of particular relevance as we all diligently work to provide the quality of health care the public expects and remain within the fiscal realities of our operating budget. I'm pleased with the balance we've struck between these two challenges and look forward to our continued advancement in our new year. Concurrent to publication of this report, Canada's first ministers are meeting to address what they collectively call current shortfalls in Canada's health care system. As the front line deliverers of our health care services, we eagerly await those additional resources.

Respectfully submitted,

Murray Hill

Chair

Report from the Chief Executive Officer

The year ending March 31, 2004 marked another year of challenges and accomplishments for the Pictou County Health Authority. Board members, staff, physicians and volunteers have all been involved in completing a successful year in fulfilling the mandate of the district.

Pictou County Health Authority provides a range of acute care, mental health, public health, addiction services and primary health care to the residents of Pictou County and the surrounding areas of northern and northeastern Nova Scotia. In addition, a number of regional health programs are provided by our district to the communities of northern Nova Scotia where we have, over the years, provided high quality services in orthopedics, cardiac pacemakers, mental health programs and in-patient addiction treatment services. I would like to acknowledge the commitment of all our staff in serving the needs of our communities.

During the past year there were a number of highlights that I would like to note:

- Recruitment of a third orthopedic surgeon which solidified the program at the Aberdeen Hospital
- Recruitment of an adolescent and child psychiatrist, a second pediatrician, a second obstetrician/gynecologist, a fourth full-time anesthetist and four family physicians
- Appointment of a full-time palliative care medical director
- Establishment of Community Health Centres for Youth at North Nova Education Centre and the Northumberland Regional High School
- Adoption of a new addiction treatment model referred to as CRAFT (Community Reinforcement and Family Training)
- Two teen parent support groups were initiated in each of the new high schools
- Planning underway to establish a six-bed palliative care in-patient unit
- Acquisition of a new patient monitoring system for the emergency department, intensive care unit and the telemetry section of the Aberdeen Hospital.

We accomplished these initiatives and continued to provide the day to day services of a busy district health system. We did this while achieving a balanced budget and value for public funds spent. This is no small feat in these times of fiscal challenges and increasing expectations from our public.

To all those involved I thank you for your dedication and hard work.

Respectfully submitted,

Patrick D. Flinn

Chief Executive Officer

Members of the Board

Murray Hill, Pictou – Chair

Linda Muir, Stellarton – Vice Chair

Norman Lord, Chance Harbour – Treasurer

Craig Clarke, Pictou – Secretary

William Palmer, Pictou Landing

Edward F. Bowden, New Glasgow

Faye Blenkhorne, Caribou River

Nancy Clarke, Pictou

Edward Teiman, New Glasgow

Stewart Logan, Lyons Brook

Robert Priske, New Glasgow

Anne Bigelow, Stellarton

Pictou County Health Authority

Financial Statements

March 31, 2004

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of
Pictou County Health Authority

We have audited the statement of financial position of **Pictou County Health Authority** as at March 31, 2004 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Pictou County Health Authority** as at March 31, 2004, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Truro, Nova Scotia
May 31, 2004

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Chartered Accountants

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Pictou County Health Authority
Statement of Financial Position
March 31, 2004

	Operating Fund	Capital Fund	Endowment Fund	Total 2004	Total 2003
Assets					
Current					
Cash and cash equivalents (Note 4)	$ 2,661,847	$ 52,009	$ 648,994	$ 3,362,850	$ 3,229,658
Investments (at cost, market value $1,111,839)	1,081,738	-	-	1,081,738	965,379
Receivables (Note 5)	1,737,594	1,205,338	-	2,942,932	3,859,907
Due from other funds	474,913	-	206,060	680,973	767,930
Inventories	305,578	-	-	305,578	285,134
Prepaids	250,871	-	-	250,871	136,579
	6,512,541	1,257,347	855,054	8,624,942	9,244,587
Other receivables (Note 6)	4,741,844	-	-	4,741,844	3,950,193
Capital assets (Note 7)	-	40,934,246	-	40,934,246	41,652,508
	$ 11,254,385	$ 42,191,593	$ 855,054	$ 54,301,032	$ 54,847,288
Liabilities					
Current					
Payables and accruals (Note 8)	$ 5,830,816	$ 271,796	$ -	$ 6,102,612	$ 7,013,205
Due to other funds	-	680,973	-	680,973	767,930
Deferred revenue	2,270,831	554,575	-	2,825,406	2,608,851
Current portion of obligations under capital lease (Note 10)	-	11,897	-	11,897	19,226
	8,101,647	1,519,241	-	9,620,888	10,409,212
Employee benefits (Note 9)	3,148,958	-	-	3,148,958	2,357,307
Obligation under capital lease (Note 10)	-	-	-	-	11,897
	11,250,605	1,519,241	-	12,769,846	12,778,416
Fund balances (Page 4)					
Restricted (Note 11)	-	11,897	706,087	717,984	572,756
Unrestricted	3,780	-	148,967	152,747	146,026
Investment in capital assets	-	40,660,455	-	40,660,455	41,350,090
	3,780	40,672,352	855,054	41,531,186	42,068,872
	$ 11,254,385	$ 42,191,593	$ 855,054	$ 54,301,032	$ 54,847,288

Commitments (Note 13)

On Behalf of the Board

_____ Chairman _____ Chief Executive Officer

See accompanying notes to the financial statements

Pictou County Health Authority
Statement of Operations – Operating Fund

Year Ended March 31

	2004	2003
Revenues		
Nova Scotia Department of Health	$ 43,119,226	$ 37,091,527
Charges to M.S.I.	2,668,629	2,195,541
Department of Veterans Affairs	1,719,846	1,807,752
In-patients	810,653	792,169
Out-patients	293,075	246,153
Rental income	295,295	295,694
Community Health Board initiatives	-	48,969
Early Identification and Intervention program	56,716	69,546
Investment income	108,027	53,605
Food services	7,683	10,596
Laboratory	56,725	58,927
Project Funding	75,080	-
Other income	72,842	34,824
	49,283,797	42,705,303
Expenses		
In-patient services	17,817,233	16,692,587
Ambulatory services	10,631,875	9,557,550
Diagnostic and therapeutic services	7,091,610	6,735,942
Support services	10,517,296	9,517,956
Community services	1,844,143	1,219,602
Rental expenses	234,654	253,873
Research	4,074	-
Education and library	74,305	115,064
Increase in vacation pay accrual	106,876	188,836
Retirement allowance benefits	957,951	298,893
	49,280,017	44,580,303
Operating surplus (deficit) before deficit funding	3,780	(1,875,000)
Operating deficit funding receivable from the Nova Scotia Department of Health	-	1,875,000
Excess of revenues over expenses	$ 3,780	$ -

See accompanying notes to the financial statements

Pictou County Health Authority
Statement of Changes in Fund Balances
Year Ended March 31, 2004

	Operating Fund	Capital Fund	Endowment Fund	**Total 2004**	Total 2003
Restricted					
Balance, beginning of year	$ -	$ 31,123	$ 541,633	**$ 572,756**	$ 515,027
Excess of revenues over expenses	-	-	13,038	**13,038**	12,195
Transfer to Capital Fund	-	-	(6,149)	**(6,149)**	(92,456)
Transfer to unrestricted	-	(19,226)	-	**(19,226)**	(17,842)
Contributions	-	-	157,565	**157,565**	155,832
Balance, end of year	$ -	$ 11,897	$ 706,087	**$ 717,984**	$ 572,756
Unrestricted					
Balance, beginning of year	$ -	$ 41,350,090	$ 146,026	**$ 41,496,116**	$ 41,577,965
Transfer from restricted	-	19,226	-	**19,226**	17,842
Excess of revenues over expenses	3,780	1,353	2,941	**8,074**	4,545
Capital asset funding					
Department of Health	-	1,299,807	-	**1,299,807**	1,419,407
Foundations	-	436,965	-	**436,965**	620,507
Auxiliary	-	19,900	-	**19,900**	93,538
Endowment	-	6,149	-	**6,149**	92,456
Other	-	67,952	-	**67,952**	55,648
Amortization	-	(2,539,305)	-	**(2,539,305)**	(2,380,470)
Capital debt charges	-	(1,682)	-	**(1,682)**	(5,322)
Balance, end of year	$ 3,780	$ 40,660,455	$ 148,967	**$ 40,813,202**	$ 41,496,116

See accompanying notes to the financial statements

Pictou County Health Authority
Statement of Cash Flows
Year Ended March 31

	2004	2003
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses – Operating Fund	$ 3,780	$ -
Excess of revenues over expenses - Capital Fund	1,353	1,691
Excess of revenues over expenses - Endowment Fund	15,979	15,049
Contributions - Endowment Fund	157,565	155,832
	178,677	172,572
Change in non-cash working capital		
Receivables	916,975	(374,379)
Inventories	(20,444)	(20,379)
Prepaids	(114,292)	(56,828)
Payables and accruals	(910,593)	876,505
Deferred revenue	216,555	308,837
	266,878	906,328
Financing and investing		
Capital asset funding	1,830,773	2,281,556
Capital debt charges	(1,682)	(5,322)
Interfund transfer - capital asset funding	19,226	17,842
Purchase of capital assets	(1,821,043)	(2,491,356)
Repayment long term debt and obligation under capital lease	(19,226)	(137,288)
	8,048	(334,568)
Decrease in restricted funds	(25,375)	(110,298)
	(17,327)	(444,866)
Net increase in cash and cash equivalents	249,551	461,462
Cash and cash equivalents, beginning of year	4,195,037	3,733,575
Cash and cash equivalents, end of year	$ 4,444,588	$ 4,195,037

See accompanying notes to the financial statements

1. Nature of operations

Pictou County Health Authority operates several health care facilities including Aberdeen Regional Hospital, Sutherland Harris Memorial Hospital and related community health services.

2. Health Authorities Act

Pictou County Health Authority was formed by the *Health Authorities Act* of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, Pictou County Health Authority acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and community health services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting

Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment Fund.

Revenue recognition

Pictou County Health Authority follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the year in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

3. Summary of significant accounting policies (continued)

Inventories

Inventories are recorded at the lower of cost or replacement value.

Capital assets

Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis as follows:

Buildings	50 years
Land improvements	20 years
Equipment	5-20 years
Equipment under capital lease	5-20 years

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals

Pictou County Health Authority follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans

The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.

- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments.

Financial instruments

The health authority's financial instruments consist of cash, investments, receivables, payable and accruals, deferred revenue and obligations under capital leases. Unless otherwise noted, it is management's opinion that the health authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying value of these financial instruments approximate their fair value unless otherwise noted.

4. Restricted cash

The health authority has included in its cash and cash equivalents restricted cash totalling $27,980, held in trust on behalf of two employees deferred salary arrangements. An offset liability is included in payables and accruals and will be paid out in accordance with the terms and conditions of the arrangements.

5. Receivables

	Operating Fund	Capital Fund	**Total 2004**	Total 2003
Charges to M.S.I.	$ 145,175	$ -	**$ 145,175**	$ 161,840
Foundation and Auxiliary	12,742	585,780	**598,522**	660,647
Harmonized sales tax	306,408	17,122	**323,530**	396,315
Patients	282,717	-	**282,717**	151,699
Veterans Affairs Canada	126,556	-	**126,556**	57,885
Other	425,404	63,882	**489,286**	304,079
	1,299,002	666,784	**1,965,786**	1,732,465
Nova Scotia Department of Health				
Construction and equipment	-	538,554	**538,554**	44,714
Operating deficit funding	-	-	**-**	1,875,000
Other	438,592	-	**438,592**	207,728
	438,592	538,554	**977,146**	2,127,442
	$ 1,737,594	$ 1,205,338	**$ 2,942,932**	$ 3,859,907

6. Other receivables

	Operating Fund	**Total 2004**	Total 2003
Nova Scotia Department of Health			
Vacation pay	$ 1,592,886	**$ 1,592,886**	$ 1,592,886
Employee benefits	3,148,958	**3,148,958**	2,357,307
	$ 4,741,844	**$ 4,741,844**	$ 3,950,193

7. Capital assets

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Land	$ 32,378	$ -	**$ 32,378**	$ 32,378
Land improvements	399,698	116,696	**283,002**	296,837
Buildings	51,040,691	14,503,735	**36,536,956**	36,357,229
Equipment	11,468,196	7,455,992	**4,012,204**	4,210,871
Equipment under capital lease	557,675	490,022	**67,653**	123,422
Construction in progress	2,053	-	**2,053**	631,771
	$ 63,500,691	$ 22,566,445	**$ 40,934,246**	$ 41,652,508

The Aberdeen Hospital Foundation and Aberdeen Hospital Trust have provided funding for the purchase of equipment for medical use by the Aberdeen Hospital which is operated by the Pictou County Health Authority. The agreements specify that equipment purchased with funds provided by the foundation or the trust shall not be sold or disposed of by the health authority without their express written permission and the net proceeds from the sale of such equipment shall only be used to purchase equipment as approved in the normal course by the foundation or trust.

8. Payables and accruals

	Operating Fund	Capital Fund	Total 2004	Total 2003
Trade	$ 3,510,089	$ 271,796	**$ 3,781,885**	$ 4,799,354
Vacation pay	2,320,727	-	**2,320,727**	2,213,851
	$ 5,830,816	$ 271,796	**$ 6,102,612**	$ 7,013,205

9. Employee benefits

The health authority has the following benefit plans:

(i) a multiemployer defined benefit plan, as administered by the Nova Scotia Association of Health Organizations, providing pension benefits to most of its employees. The most recent actuarial valuation was conducted as at December 31, 2000 and an extrapolation was performed to December 31, 2003 which indicated a funding surplus. The health authority's pension expense for the year amounted to $1,480,252 (2003 - $1,241,184).

(ii) a retirement benefit plan providing retiring allowances to its employees. The most recent actuarial valuation was conducted at March 31, 2004. The Province of Nova Scotia has assumed responsibility for funding this liability and a corresponding receivable has been recorded.

9. Employee benefits (continued)

Information about the health authority's retirement benefit plan per the actuarial report is as follows:

		2004		2003
Expense	$	957,951	$	298,893
Benefits paid	$	(166,300)	$	(115,600)
Accrued benefit liability recognized	$	3,148,958	$	2,357,307
Funding status – plan deficit	$	(3,598,200)	$	(2,634,700)
Unamortized net actuarial loss		449,242		277,393
	$	(3,148,958)	$	(2,357,307)

The following actuarial assumptions have been used in the determination of the accrued benefit obligation as at March 31, 2004:

Discount rate	6.17%
Rate of compensation increase	3.65% - 6.15%
Termination rates	1.20% - 20%

It was also assumed that 50% of employees will retire on the date they are first eligible for an unreduced retirement allowance, and the remainder will retire on their normal retirement date, which is their 65th birthday.

10. Obligation under capital lease

		2004		2003
The health authority leases equipment under a capital lease from Toshiba of Canada Limited.				
Future minimum lease payments are as follows:				
2004	$	-	$	20,908
2005		12,197		12,197
		12,197		33,105
Less: amount representing interest on capital leases at 7.25%		300		1,982
		11,897		31,123
Less: current portion		11,897		19,226
	$	-	$	11,897

As security, the health authority has pledged specific equipment.

11. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for repayment of capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 10. The balance of the reserve was $11,897 as of March 31, 2004.

12. Credit facilities

The health authority has a financing arrangement with a financial institution which provides an available operating line of credit totalling $1,000,000, all of which is unused at March 31, 2004.

13. Commitments

Pictou County Health Authority has entered into an agreement to lease computer equipment. Minimum annual lease payments are as follows:

2005	$	38,349
2006	$	38,349

14. Related entities

The health authority has responsibility for the operation of certain hospitals and health care facilities as outlined in Note 1. There are in existence several hospital auxiliaries and foundations, which solicit funds in the name of these particular hospitals and health care facilities. These funds are intended by the contributor to assist in the provision of health care services in the catchment area. The health authority is considered to have an economic interest in these foundations and auxiliaries whereby the assets of these organizations may accrue to the benefit of the authority. The amount and nature of these assets at March 31, 2004 are available from the individual financial statements of the related entities.

15. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.